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FOR IMMEDIATE RELEASE

Caltrans Announces Completion of Latest Round of Projects to Streamline Operations

Nine Lean 6-Sigma Projects to Make Improvements to Way Caltrans Does Business

SACRAMENTO—Caltrans announced today it has concluded work on nine projects that changed practices, improved processes and reduced delays from wasteful or unnecessary practices, through its innovative Lean 6-Sigma program. These improvements are expected to not only diminish delays in services, but ultimately save taxpayer money.

“The Lean 6-Sigma Program is vastly improving efficiency and operations within Caltrans,” said Caltrans Director Malcolm Dougherty. “The resulting improvements are having a direct and positive impact on how the department is able to do business, both internally and with the public.”

Lean 6-Sigma is a data-driven process management approach that originated in the private sector and is increasingly being used by government agencies to pinpoint waste and inefficiencies. The methodologies and tools of the Lean 6-Sigma approach are applied within projects that then translate into the means by which organizations can transform their processes and culture.

Early indications are that Caltrans’ Lean 6-Sigma projects are resulting in significant improvements that meet or exceed stated project goals. This round of projects include efforts to:

- **Improve fleet vehicle/equipment use, replacement and procurement process:** The amount of time from the identification of a need to replace a piece of equipment to final approval for a replacement averaged 243 days and ranged up to 400 days. This process was completely re-engineered, reducing the time needed to identify a need to the final approval by 95 percent. The time needed to order replacement equipment was reduced to less than 90 days.
- **Reduce the time to make new hires in Field Maintenance:** The existing hiring process for field maintenance staff is cumbersome and hinders the program’s ability to make a hire and/or hire the most qualified individuals and can take four to six months. As a result of this project, the time taken between a hiring request and an offer of employment was reduced to eight weeks.



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- **Reduction of Unreported Labor Expenses:** In the past, Caltrans has been unable to capture all of its personnel service costs due to employee timesheets that were not submitted and/or approved. This becomes a problem because Caltrans does not recover costs reimbursed to its programs by federal and local governments for unrecorded personnel service costs. Based on the current rate of time-sheet approval improvements that Caltrans is already seeing after streamlining its timekeeping system, Caltrans will likely be able to recover over \$10 million dollars in reimbursements from federal and local governments annually.
- **Reduce time to process “Relocation Agreements” for outdoor advertising displays:** Relocation agreements can take an extremely long time to execute and did not follow a standardized process, resulting in the average time from the date of the request to an initial offer averaging over two years and ranging up to four years. The process has now been standardized, simplified and re-engineered. The new estimated time to process an outdoor advertising relocation agreement has now been reduced to three months.
- **Reduce the time to develop Scope of Work for Architectural and Engineering (A&E) contracts:** The time from the A&E planning stage to completion of a Scope of Work and supporting contract documents averaged 111 days and ranged up to 180 days. The process was re-engineered, moving contracts from the planning stage to the completion of Scope of Work and other supporting documents in just 29 days.
- **Reduce the time to process A&E contracts:** The time from the date the Division of Procurement and Contracts approves a customer’s completed scope of work and supporting contract documents to the date the contract is executed averaged 125 days and ranged up to 180 days. The process is being simplified and the new estimated time is 45 days.
- **District 12 (Orange County) Streamline the Safety Review process for capital projects:** The Safety Review Process currently used in the District averaged 28.1 working days and has ranged to over 100 working days. This project used a number of Lean 6-Sigma techniques to streamline the Safety Review Process, and with these improvements in place, the project team estimates the average completion time has been reduced to 8.7 days – representing a 69% time savings.
- **Improve the Quality Control practice of documents prior to circulation for approvals:** Project reports can contain an unacceptable number of errors and defects prior to their circulation for approval; defects that often require numerous resubmittals that waste resources. A sampling of project reports revealed a baseline capability of 12.7 defects per page. The project team focused on reducing the most frequent defects, such as formatting and spelling, and the most critical, such as missing or incorrect data. With the improvements made, defects will be reduced by over 75% to less than 3 defects per



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page. Although not a primary metric, completion time will be reduced with the elimination of rework loops.

- **Reduce time to process Disciplinary Actions:** The average processing time of formal disciplinary actions from request to service has been 99 days, resulting in perceptions of ineffectiveness and unaccountability. Failure to address employee issues also affects morale, disrupts the workplace and can create a hostile work environment. Under the reworked process, four out of five cases now take less than 14 days.

In early 2014, the Governor's Office of Business and Economic Development and the Government Operations Agency partnered to train the first group of state agencies to pilot a Lean 6-Sigma program within 11 state departments, including Caltrans. As part of the Caltrans Improvement Plan and the department's Strategic Management Plan, Caltrans launched its own Lean 6-Sigma Initiative in July 2015 to train participants in the program's methodologies, and is the only state department to do so outside the Governor's Office to date.

The next round of process-examining projects to undergo the Lean 6-Sigma program will focus on direct services Caltrans provides to the public. Starting in February, these projects will include:

- **Encroachment Permits Process:** Reduce the time to issue or deny an encroachment permit so that 95 percent of those requests are processed and completed within 30 days.
- **Public Records Act (PRA) Request Process:** Reduce the PRA request processing time so that 95 percent of all requests are answered within 24 days (as prescribed by statute).
- **New Products Submittal Process:** Reduce the number of pending New Products submittals (backlog) and reduce the time to process and respond to submittals so that 95 percent are completed within 3 months.
- **Project Delivery Process:** Reduce the project delivery processing time between Milestone 377 (Plans, Specifications & Estimates) and Milestone 500 (Contract Approval) so that 95 percent are completed within 4 months.
- **Project Delivery Permit Acquisition Process:** Improve project delivery permit acquisition process to reduce the number of Project Change Requests related to permitting delays by 50 percent.

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